

Message Text

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47

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-20 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08 TRSE-00

LAB-06 SIL-01 OMB-01 SS-15 NSC-10 L-03 PA-03 PRS-01

RSR-01 /155 W

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O R 261451 Z APR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5104

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE UNN

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE

USMISB GENEVA

USMISSION OECD PARIS UNN

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PASS AGRICULTURE

E. O.11652: N/ A

TAGS: EAGR, EEC

SUBJECT: CAP FOR SOYBEANS

REF: A. STATE 078578 B. EC BRUSSELS 2143 AND PREVIOUS

1. SUMMARY: WE HAVE APPROACHED EC COMMISSION
OFFICIALS, INCLUDING MEMBERS OF SOAMES' AND
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LARDINOIS' CABINETS, TO REITERATE US CONCERN REGARDING ANY PROPOSALS FOR A CAP ON SOYBEANS OR A TAX ON MARGARINE. LARDINOIS' OFFICE HAS GIVEN US A REASSURING ASSESSMENT OF THE IMMEDIATE SITUATION. THE COMMUNITY FACES A MOST DIFFICULT NEGOTIATION ON CAP PRICES IN LUXEMBOURG THIS WEEKEND, HOWEVER, AND SURPRISES CANNOT BE ENTIRELY RULED OUT. WE THEREFORE CONSIDER IT WORTHWHILE TO TAKE OUT SOME INSURANCE ON THE SOYBEAN QUESTION VIA INFORMAL DISCUSSIONS IN MEMBER STATE CAPITALS. END SUMMARY.

2. ON APRIL 26 WE CARRIED OUT THE INSTRUCTION IN REFTEL A WITH THE MOST SENIOR EC COMMISSION OFFICIALS AVAILABLE: HAY IN SOAMES' CABINET; TROJAN IN LARDINOIS' CABINET; AND HIJZEN, DEPUTY DIRECTOR GENERAL IN EXTERNAL RELATIONS. HAY TOOK CAREFUL NOTE OF OUR COMMENTS ON POSSIBLE PROPOSALS INVOLVING A CAP FOR SOYBEANS OR A MARGARINE/ VEGETABLE OIL TAX. HE UNDERTOOK TO ADVISE SOAMES ON HIS RETURN FROM VACATION THIS WEEKEND. HAY HAD NO IMMEDIATE SUBSTANTIVE REACTION BUT INDICATED THAT HE CLEARLY UNDERSTOOD THE BASIS FOR OUR CONCERN AND THE POLITICAL IMPORTANCE OF THE SUBJECT. HIJZEN MADE CLEAR, AS ON PAST OCCASIONS, THAT HE BOTH UNDERSTANDS AND SYMPATHIZES WITH OUR STANDPOINT.

3. TROJAN WAS FAMILIAR WITH THE SUBJECT AND COMMENTED IN REASSURING TERMS. HE PROMISED TO INFORM LARDINOIS AND RABOT OF OUR COMMENTS AS SOON AS THEY ARE AVAILABLE. HE SAID THAT LARDINOIS HAD ALREADY INDICATED IN THE EC COUNCIL HIS OPPOSITION TO CONSIDERATION OF EITHER A CAP FOR SOYBEANS OR A TAX ON MARGARINE UNDER PRESENT CIRCUMSTANCES. LARDINOIS HAD EMPHASIZED HIS VIEW THAT THIS WOULD BE A POOR TIME FOR THE COMMISSION (A) TO MAKE PROPOSALS ON EITHER SUBJECT, OR (B) FOR THE COMMUNITY TO CONSIDER THEM. LARDINOIS HAS STRONG DOUBTS ABOUT THE POSSIBILITY OF SIGNIFICANT PRODUCTION OF SOYBEANS IN THE COMMUNITY ON ANYTHING LIKE AN ECONOMIC BASIS. (WE POINTED OUT THAT THE US WOULD BE CONCERNED ABOUT EVEN SMALL PRODUCTION SUBSIDIES AS WELL AS THE ADMINISTRATIVE ARRANGEMENTS APPLICABLE LIMITED OFFICIAL USE

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TO SOYBEAN IMPORTS UNDER ANY CAP REGULATION LIKELY TO BE PROPOSED: I. E. ALONG LINES OF THE RAPESEED CAP.)

4. ACCORDING TO TROJAN, LARDINOIS HAS ALSO TAKEN THE POSITION THAT A TAX ON MARGARINE OR VEGETABLE OILS COULD ONLY BE BROACHED AS PART OF A BROADER DISCUSSION IN THE CONTEXT OF THE FORTHCOMING

MULTI- LATERAL TRADE NEGOTIATIONS. TROJAN ADDED THAT THE LAST THING LARDINOIS WANTS IS TO FURTHER COMPLICATE THE DELICATE AND EXPLOSIVE CAP PRICE DEBATE WITH CONSIDERATION OF ANYTHING AS CONTROVERSIAL AS A CAP FOR SOYBEANS OR A MARGARINE TAX. HE DOUBTED THAT CHIRAC WOULD PRESS VERY HARD ON THESE MATTERS AT THE APRIL 28-29

AGRICULTURE COUNCIL MEETING. HE EXPECTED THAT, IN ANY CASE, LARDINOIS WOULD CONTINUE TO STAND FIRM.

5. COMMENT: THE DISCUSSION WITH TROJAN REINFORCES OUR VIEW THAT THE COMMISSION IS UNLIKELY TO GIVE IN TO FRENCH PRESSURE AT THIS TIME -- OR THAT THE COUNCIL THIS WEEKEND COULD AGREE IN EFFECT TO INSTRUCT THE COMMISSION TO PRESENT ONE OR BOTH PROPOSALS. NEVERTHELESS, THE GENERAL SITUATION REGARDING THE CAP PRICE NEGOTIATIONS IS SUFFICIENTLY IMPORTANT AND DIFFICULT THAT WE CANNOT ENTIRELY RULE OUT THE POSSIBILITY OF SURPRISES IN THE PRICE PACKAGE. FOR EXAMPLE, WE KNOW THAT SEVERAL MEMBER STATES (BELGIAN, LUXEMBOURG AND APPARENTLY ITALY) HAVE SOME SYMPATHY FOR CHIRAC' S REPORTED INTEREST IN A MARGARINE TAX. UNDER THESE CIRCUMSTANCES WE BELIEVE IT WOULD BE WORTHWHILE TO TAKE OUT SOME INSURANCE VIA INFORMAL DISCUSSIONS IN MEMBER STATE CAPITALS. GREENWALD

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